

City of Minneapolis

Request for Committee Action

To: Health, Environment & Community Engagement
Date: 10/19/2015
Referral: Ways & Means
From: Finance & Property Services
Prepared by: Brian Millberg, Energy Manager
Presented by: Brian Millberg
File type: Action
Subcategory: Contracts & Agreements

Subject:

Community Solar Garden Subscription agreements for renewable energy.

Description:

Authorizing negotiation and execution of solar electricity subscription agreements in November 2015, for up to 12,000,000 kilowatt hours of electricity, with the operators of Community Solar Gardens selected through the Metropolitan Council competitive proposal process.

Previous Actions:

- October 17, 2014: The City Council enters into Minneapolis Clean Energy Partnerships with Xcel Energy and CenterPoint Energy that include a two-year work plan to explore and implement new ways for the City to reduce its own energy use and increase its use of clean and renewable energy.
 - June 28, 2013: The City Council adopted a Climate Action Plan that includes support for new financing and ownership models for developing Minneapolis solar resources and investigating the feasibility of large-scale renewable purchasing for municipal government.
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Ward/Address:

Not Applicable

Background/Analysis:

In 2014, the State legislature passed Minnesota Statue 216B.1641 allowing Community Solar Gardens to be formed and directing the Minnesota Department of Commerce to develop a monetary credit for entities purchasing electricity from such Gardens. Community Solar Gardens are centrally-located solar photovoltaic (PV) systems that provide electricity to participating subscribers.

In February of 2015, the Metropolitan Council formally invited the City of Minneapolis to participate in a Request For Proposals (RFP), 15M020, that the Metropolitan Council was preparing to solicit Community Solar Garden subscription agreements for facilities owned by local governments in the

Metropolitan Council area. The concept of the RFP was that by having the purchasing potential of multiple government entities (with high credit ratings) combined into one procurement process, the Garden Operators would submit more competitively priced bids and a larger volume of solar electricity than in a series of individual entities requesting bids on their own. To participate, cities were required to submit a non-binding letter of intent. The City sent its non-binding letter of intent on June 25, 2015 to obtain up to 12,000,000 kWh of annual electricity through this process. The City will not be purchasing the Renewable Energy Credits (RECs) under these subscriptions. Receiving electricity through these subscriptions would allow the City to support the solar industry in Minnesota, reduce our overall procurement of fossil based electrical energy, and save money.

The Metropolitan Council's RFP was released on July 10, 2015 requesting proposals from Community Solar Garden Operators for a possible combined annual total of 224,000,000 kWh annually in electricity subscriptions for a total of 31 local governmental entities. The City is represented by Brian Millberg, Energy Manager, on the evaluation team for the RFP responses. The evaluation committee is currently finalizing its selections, and the RFP respondents' proposals will be rank ordered by the evaluation team. A lottery will be held to fairly distribute the offered subscriptions among the governmental entities. This lottery is expected to take place by the end of October, with the entities responding to the Metropolitan Council of the acceptance or rejection of the offered subscriptions by November 19, 2015. Due to the randomness of the lottery, there is no way of determining at this time how much of the 12,000,000 kWh in annual subscriptions the City requested will be offered to the City.

Staff recommends that the City should only consider accepting subscriptions from the Metropolitan Council RFP process that meet the following conditions:

1. The purchase of electricity through the Community Solar Garden subscription agreement must be at no added cost to the current electricity payments the City makes to Xcel Energy.
2. The Garden Operator must at a minimum fulfill the requirements of the City's "Modified Plan" Affirmative Action form.
3. The Solar Community Garden must begin generating electricity within 24 months of the City executing a subscription agreement.

Financial Review:

No additional appropriation required, amount included in current budget.

- ☐ **Future budget impact anticipated.**
- ☒ **Approved by the Permanent Review Committee.**
- ☐ **Meets Small and Underutilized Business Program goals.**

The purchase of Community Solar Garden subscriptions has been regarded as a commodity contract by the City's Civil Rights Department. As of 9/14/2015, the Contract Compliance Division (CCD) has decided that it will no longer review any commodity and supply contracts that do not have subcontracting opportunities. Thus, no MBE or WBE goals have been specifically assigned to the Community Solar Garden subscription contracts. The individual subscription contracts the City would sign could exceed \$50,000 per year, and thus, the Community Solar Garden Operator will be required to submit Affirmative Action paperwork per the City's current process.